STATEMENT OF OBJECTS AND REASONS.

The Inland Steam-vessels Act, 1917, which regulates the operations of inland steam-vessels does not provide for the registration of such vessels. According to its existing provisions, all that a steam-vessel requires, before it can be employed on a voyage or service, is a certificate of survey in force and applicable to such voyage or service. The Merchant Shipping Act, 1894, contains a provision for the registration of inland steam-vessels exceeding 15 tons burden, but failure to register such vessels is not an offence under that Act. It is now considered necessary to make it obligatory for all inland steam-vessels to be registered under the Inland Steam-vessels Act before they can be permitted to proceed on a voyage or service. The present Bill provides for this and other cognate matters. Vessels registered under the provisions of the Merchant Shipping Act, 1894, will be registered under this Act on payment of prescribed fees and the transfer of ownership of such vessels shall be subject to the approval of the Central Government.

K. SANTHANAM.

NEW DELHI,
The 27th January 1951.

BILL *No. 13 OF 1951.

A Bill to give effect to the financial proposals of the Central Government for the year beginning on the 1st day of April 1951.

BE it enacted by Parliament as follows:

1. **Short title.**—This Act may be called the Finance Act 1951.

2. **Income-tax and super-tax.**—(1) Subject to the provisions of sub-sections (3), (4) and (5), for the year beginning on the 1st day of April 1951,—

(*a*) income-tax shall be charged at the rates specified in Part I of the First Schedule, increased in each case by a surcharge for the purposes of the Union at the rate specified therein in respect of each such rate of income-tax and

XI of 1922. (*b*) rates of super-tax shall, for the purposes of section 55 of the Indian Income-tax Act, 1922 (hereinafter referred to as "the Income-tax Act"), be those specified in Part II of the First Schedule, increased in the cases to which Paragraphs A, B and C of that Part apply, by a surcharge for the purposes of the Union at the rate specified therein in respect of each such rate of super-tax.

(2) In making any assessment for the year ending on the 31st day of March 1952, there shall be deducted from the total income of an assessee, in accordance with the provisions of section 15A of the Income-tax Act, an amount equal to one-fifth of the earned income, if any, included in his total income but not exceeding in any case four thousand rupees.

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* The President has, in pursuance of clauses (1) and (3) of Article 117 and clause (1) of Article 274 of the Constitution of India, recommended to the Parliament of India, the introduction and consideration of the Bill.

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(3) In making any assessment for the year ending on the 31st day of March 1952,—

(*a*) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries" as reduced by the deduction for earned income appropriate thereto, or any income chargeable under the head "Interest on securities", or any income from dividends in respect of which by virtue of section 49B of the Income-tax Act he is deemed himself to have paid the income-tax imposed under that Act, the income-tax payable by the assessee on that part of his total income which consists of such inclusions shall be an amount bearing to the total amount of income-tax payable according to the rates applicable under the operation of the Finance Act, 1950, on his XXV of 1950 total income the same proportion as the amount of such inclusions bears to his total income :

(*b*) where the total income of an assessee, not being a a company, includes any income chargeable under the head "Salaries" on which super-tax has been or might have been deducted under the provisions of sub-section (2) of section 18 of the Income-tax Act, the super-tax payable by the assessee on that portion of his total income which consists of such inclusion shall be an amount bearing to the total amount of super-tax payable, according to the rates applicable under the operation of the Finance Act, 1950, on his total income the same proportion as the amount of such inclusion bears to his total income.

(4) In making any assessment for the year ending on the 31st day of March 1952,—

(*a*) where the total income of a company includes any profits and gains from life insurance business, the super-tax otherwise payable by the company on the whole of such total income shall be reduced by an amount which bears to that super-tax the same proportion as the amount of such inclusion bears to its total income or by an amount computed at the rate of one and a half annas in the rupee on the amount of such inclusion, whichever is less ;

(*b*) where the total income of an assessee, not being a company, includes any profits and gains from life insurance business, the income-tax and super-tax payable by the assessee on that part of his total income which consists of such inclusion shall be an amount bearing to the total amount of such taxes payable on his total income according to the rates applicable under the operation of the Indian Finance XII of 1942 Act, 1942, increased in respect of each such rate by one-twentieth thereof, the same proportion as the amount of such inclusion bears to his total income, so however that the aggregate of the taxes so computed in respect of such inclusion shall not in any case exceed the amount of tax payable on such inclusion at the rate of five annas in the rupee.

(5) In cases to which section 17 of the Income-tax Act applies, the tax chargeable shall be determined as provided in that section, but with reference to the rates imposed by sub-section (1), and in accordance, where applicable, with the provisions of sub-sections (3) and (4) of this section.

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(6) For the purposes of making any deduction of income-tax in the year beginning on the 1st day of April 1951, under sub-section (2) or sub-section (2-B) of section 18 of the Income-tax Act from any earned income chargeable under the head "Salaries" the estimated total income of the assessee under this head shall, in computing the income-tax to be deducted, be reduced by an amount equal to one-fifth of such earned income, but not exceeding in any case four thousand rupees; but no abatement shall be allowed by the person responsible for paying the salary in respect of any donations made by the assessee to which section 15-B of the Income-tax Act is or may be applicable.

(7) For the purposes of this section and of the rates of tax imposed thereby, the expression "total income" means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Income-tax Act, and the expression "earned income" has the meaning assigned to it in clause (6-AA) of section 2 of that Act.

3. Amendment of section 17, Act XI of 1922.—With effect from the 1st day of April 1951, the following sub-section shall be substituted for sub-section (1) of section 17 of the Income-tax Act, namely :—

"(1) Where a person is not resident in the taxable territories and is not a company, the tax, including super-tax, payable by him or on his behalf on his total income shall be an amount equal to—

(*a*) the income-tax which would have been payable on his total income if calculated at the maximum rate, *plus*

(*b*) either the super-tax which would have been payable on his total income if calculated at the rate applicable in the case of an individual to the slab next to the slab exempt from super-tax, or the super-tax which would have been payable on his total income if he had been resident in the taxable territories, whichever is greater :

Provided that any such person may, on the first occasion on which he is assessable for any year subsequent to the year ending on the 31st day of March 1951, and before the expiry of the time allowed by the notice under sub-section (1) of section 22, by notice in writing to the Income-tax Officer, declare (such declaration being final and being applicable to all assessments thereafter) that the tax, including super-tax payable by him or on his behalf on his total income shall be determined with reference to his total world income, and thereupon such tax shall be an amount bearing to the total amount of tax including super-tax which would have been payable on his total world income had it been his total income the same proportion as his total income bears to his total world income."

4. Alteration of certain duties of customs.—In the First Schedule to the Indian Tariff Act, 1934 (XXXII of 1934),—

(*a*) in Item No. 27(5), for the entry in the fourth column, the following entry shall be substituted, namely :—

"Three annas per Imperial gallon or 20 per cent *ad valorem*, whichever is higher.";

(*b*) in Item No. 27(7), in the fourth column,

(*i*) for the entry against sub-item (*a*), the entry

"Rs. 18·12 per ton or 20 per cent *ad valorem*, whichever is higher.", shall be substituted, and

(*ii*) for the entry against sub-item (*b*), the entry :

"20 per cent *ad valorem*." shall be substituted ;

(*c*) in Item No. 27(8), for the entry in the fourth column, the entry :

"Three annas per Imperial gallon or 20 per cent *ad valorem*, whichever is higher." ; shall be substituted ;

(*d*) for Items Nos. 75 (9), 75 (10), and 75 (11), the following Items shall be substituted, namely :—

"75 (9) The following articles, and parts thereof, adapted for use as parts and accessories of motor vehicles other than motor cycles and motor scooters ; (*i*) the following engine components : rubber mountings, hose pipes (other than fuel line hoses) with connections, fuel pump diaphragms, fan belts, mufflers, exhaust pipes and tail pipes ; (*ii*) the following frame and body components : carpets (made to size or shape), cushion springs, door and window fittings excluding glasses, trim materials (leather, jute, canvas and leather cloth) made to size or shape, bus bodies, station wagon bodies, truck bodies, steel cabs for lorries, pick up bodies and parcel van bodies ; and (*iii*) the following other components : gaskets all sorts, rubber components not otherwise specified and horns not otherwise specified.	Preferential revenue.	60% *ad valorem*.	54% *ad valorem*.
75 (10) The following articles, and parts thereof, adapted for use as parts and accessories of motor vehicles other than motor cycles and motor scooters : (*i*) the following engine components : crank shafts, cam shafts connecting rods, cylinder blocks and heads, manifolds, valves, vale springs, valve tappets, fly wheels, petrol tanks, radiators, fans, piston assembly (namely pistons, piston rings and gudgeon pins), cylinder liners, water pumps, and timing gears and sprockets ; (*ii*) the following electrical components : lamps other than head lamps, wire harness, battery and other cables made to size and horns ; (*iii*) the following transmission and suspension components : front and rear springs other than coil springs, king pins, shackle pins, shock absorbers, spring hanger brackets, shackles, transmission gear and gear box, clutch housings, propeller shafts, universal joints including needle bearings therefor, rear axle assembly (axle housing, axle shaft, ring gear, pinion and carrier differential), front axles, hubs and brake drums and front suspension excluding coil springs ;	Preferential revenue.	90% *ad valorem*.	84% *ad valorem*.

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	(*iv*) the following frame and body components: seat runners, short members of chassis frame and brackets; and			
	(*v*) the following other components: brake hose pipes, ball bearings up to 2″ bore, bushings separately imported (excluding oil impregnated bushings) and bumpers.			
75 (11)	The following articles, and parts thereof, adapted for use as parts and accessories of motor vehicles other than motor cycles and motor scooters, namely:	Preferential revenue.	30% *ad valorem.*	24% *ad valorem.*
	(*i*) the following engine components: thin wall bearings, carburettors, oil pumps, air cleaners, oil filters, fuel pumps, and fuel line hoses with connections;			
	(*ii*) the following electrical components; distributors, sparking plugs, direction indicators, electrical penal instruments, wind shield wipers, starting motors, generators, head lamps including sealed beams fuses, switches, ignition coils and voltage and current regulators;			
	(*iii*) the following transmission and suspension components: steering mechanisms, pressed wheels, clutches and suspension coil springs;			
	(*iv*) the following frame and body components: toughened glass sheets, body panels including turret tops and sides for passenger cars and long members of chassis frames; and			
	(*v*) the following other components: roller bearings, bushings (oil impregnated), panel instruments other than electrical, and brake cylinders.			
75 (12)	Articles [other than rubber tyres, tubes, batteries and such other components as are specified in Items Nos. 75(9), 75(10) and 75(11)] adapted for use as parts and accessories of motor vehicles other than motor cycles and motor scooters.	Preferential revenue.	30% *ad valorem.*	24% *ad valorem.*
75 (13)	Parts of mechanically propelled vehicles and accessories not otherwise specified:	Preferential revenue.	30% *ad valorem.*	22½% *ad valorem.*
	Provided that where any articles referred to in Items Nos. 75 (12) and 75 (13) are also ordinarily used otherwise than as parts and accessories of motor vehicles, they shall be dutiable at the rates of duty specified for such articles.			

5. Additional duties of customs.—When any goods chargeable with a duty of customs under the First Schedule to the Indian Tariff Act, 1934 (XXXII of 1934), or under that Schedule read with any notification of the Central Government for the time being in force, are assessed to duty, there shall, up to the 31st day of March, 1952, be levied and collected as an addition to, and in the same manner as, the total amount so chargeable—

(*a*) a sum equal to 155 per cent of such amount, in the case of goods comprised in Items Nos. 22(2) and 22(4);

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sum equal to 55 per cent of such amount, in the case
)mprised in Items Nos. 48, 48(1), 48(2), 48(4), 48(5),
'), 48(8), 48(10) and 51 (2) and in the case of textile
res specified in Item No. 49 when made wholly or
any of the fabrics specified in Items Nos. 48, 48(1),
)), 48(7) or 48(10);

sum equal to 45 per cent of such amount in the
)ds comprised in Items Nos. 47(2), 59(2), 59(4) and

sum equal to 25 per cent of such amount, in the
)ods comprised in any Item of the said schedule
1 those specified in clauses (*a*), (*b*) or (*c*) of this
r in the Second or Third Schedule to this Act; and

sum equal to 5 per cent of such amount in the case
omprised in any of the Items of the said Schedule
n the Third Schedule to this Act:

that in the case of goods comprised in items Nos. 48
1 inclusive, and in the case of textile manufactures
b-items (*a*) and (*b*) of Item No. 49, if the duty of
time being leviable on like goods or, as the case may
rics of which such textile manufactures are wholly or
exceeds the sum of—

ae duty of customs chargeable under the First
to the Indian Tariff Act, 1934, or under that Schedule
1 any notification of the Central Government for the
g in force, and

;he additional duty of customs chargeable under
or clause (*d*) of this section,

) to the 31st day of March, 1952, be levied and col-
rther addition to, and in the same manner as, the
oms so chargeable an amount equal to the aforesaid

6. Imposition and alteration of certain export duties.—In the Second Schedule to the Indian Tariff Act, 1934 (XXXII of 1934) after Item No. 11, the following Items shall be inserted, namely:

12.	Ground nuts	Ton	Rs. 80.
13.	Cloth, medium and coarse, excluding furnishing fabrics, hosiery, apparel, blankets, bed covers, towels, dusters and napkins.	*ad valorem*	10 per cent

7. Amendment of Act I of 1944, and alteration of certain duties of Central Excise.—In the First Schedule to the Central Excises and Salt Act, 1944 (I of 1944),—

(*a*) in Item No. 4, in sub-item (*a*), after the words "motor vehicle" the words "or aircraft" shall be inserted, and

(*b*) for Item No. 9, the following Item shall be substituted, namely:—

9. TOBACCO

'Tobacco' means any form of tobacco, whether cured or uncurred, and whether manufactured or not, and includes the leaf, stalks and stems of the tobacco plant, but does not

include any part of a tobacco plant while still attached to the earth.

I. *Unmanufactured tobacco*—

	Per lb.
(1) if flue-cured and ordinarily used otherwise than for the manufacture of cigarettes.	One Rupee.
(2) if other than flue-cured and ordinarily used otherwise than for the manufacture of cigarettes.	Eight annas.
(3) if flue-cured and used in the manufacture of cigarettes containing—	
(i) more than 60 per cent weight of imported tobacco.	Seven rupees and eight annas.
(ii) more than 40 per cent but not more than 60 per cent weight of imported tobacco.	Five rupees.
(iii) more than 20 per cent but not more than 40 per cent weight of imported tobacco.	Three rupees and eight annas.
(iv) 20 per cent or less than 20 per cent weight of imported tobacco.	Two rupees and eight annas.
(v) no imported tobacco	One rupee.
(4) if other than flue-cured and used in the manufacture of cigarettes.	Eight annas.
(5) If used for agricultural purposes	Nil
(6) Stalks	One anna.

II. *Manufactured tobacco*—

(1) Cigars and cheroots of which the value—	*Per hundred*
(i) exceeds Rs. 30 a hundred	Twelve rupees.
(ii) exceeds Rs. 25 a hundred but does not exceed Rs. 30 a hundred.	Ten rupees.
(iii) exceeds Rs. 20 a hundred but does not exceed Rs. 25 a hundred.	Eight rupees.
(iv) exceeds Rs. 15 a hundred but does not exceed Rs. 20 a hundred.	Six rupees.
(v) exceeds Rs. 10 a hundred but does not exceed Rs. 15 a hundred.	Four rupees.
(vi) exceeds Rs. 5 a hundred but does not exceed Rs. 10 a hundred.	Two rupees.
(vii) exceeds Rs. 2-8-0 a hundred but does not exceed Rs. 5 a hundred	One rupee.
(viii) exceeds Rs. 1-4-0 a hundred but does not exceed Rs. 2-8-0 a hundred.	Eight annas.
(ix) exceeds 12 annas a hundred but does not exceed Rs. 1-4-0 a hundred.	Four annas
(2) Cigarettes of which the value—	*Per thousand*
(i) exceeds Rs. 50 a thousand	Twelve rupees and eight annas.
(ii) exceeds Rs. 40 a thousand but does not exceed Rs. 50 a thousand.	Ten rupees.
(iii) exceeds Rs. 30 a thousand but does not exceed Rs. 40 a thousand.	Seven rupees and eight annas.
(iv) exceeds Rs. 25 a thousand but does not exceed Rs. 30 a thousand.	Six rupees and four annas.
(v) exceeds Rs. 20 a thousand but does not exceed Rs. 25 a thousand.	Five rupees.
(vi) exceeds Rs. 15 a thousand but does not exceed Rs. 20 a thousand.	Three rupees and twelve annas.
(vii) exceeds Rs. 10 a thousand but does not exceed Rs. 15 a thousand.	Two rupees and twelve annas.
(viii) exceeds Rs. 7-8-0 a thousand but does not exceed Rs. 10 a thousand,	One rupee and eight annas.
(ix) does not exceed Rs. 7-8-0 a thousand,	One rupee.
	Per lb.
(3) Pipe tobacco	Six rupees and eight annas.
(4) Snuff	Eight annas.
(5) Biris—	*Per thousand*
(i) Containing more than 3/4 lb. of tobacco per thousand biris.	Nine annas.
(ii) containing not more than 3/4 lb. of tobacco per thousand biris.	Six annas.

8. **Additional duties of excise.**—When any goods chargeable with a duty of excise under the First Schedule to the Central Excises and Salt Act, 1944 (I of 1944), are assessed to duty, there

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shall, up to the 31st day of March, 1952, be levied and collected as an addition to, and in the same manner as, the total amount so chargeable—

(*a*) as respects kerosene and motor spirit as defined in Items Nos. 1 and 4, respectively, of that Schedule, a surcharge equal to 5 per cent of such amount in each such case ;

(*b*) as respects cigarettes specified in Item No. 9 II (2) ;

(i) where the retail price is at a rate exceeding 2 annas, but not exceeding 5½ annas per ten cigarettes, a surcharge calculated at three pies for every ten cigarettes, and

(ii) where the retail price is at a rate exceeding 5½ annas per ten cigarettes, a surcharge calculated at the rate of six pies for every ten cigarettes.

9. Discontinuance of salt duty.—For the year beginning on the 1st day of April, 1951, no duty shall be levied on salt manufactured in, or imported by sea or land into the territory of India excluding the State of Jammu and Kashmir.

Declaration under the Provisional Collection of Taxes Act, 1931.—It is hereby declared that it is expedient in the public interest that the provisions of clauses 4, 5, 6, 7 and 8 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931 (XVI of 1931).

THE FIRST SCHEDULE

(*See section* 2)

PART I

Rates of Income-tax

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which paragraph B or paragraph C of this Part applies—

	Rate	*Surcharge*
1. On the first Rs. 1,500 of total income.	Nil ...	Nil.
2. On the next Rs. 3,500 of total income.	Nine pies in the rupee	One-twentieth of the rate specified in the preceding column.
3. On the next Rs. 5,000 of total income.	One anna and nine pies in the rupee.	Do
4. On the next Rs. 5,000 of total income.	Three annas in the rupee.	Do
5. On the balance of total income.	Four annas in the rupee.	Do

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Provided that—

(i) no income-tax shall be payable on a total income which, before deduction of the allowance, if any, for earned income, does not exceed the limit specified below;

(ii) the income-tax payable shall in no case exceed half the amount by which the total income (before deduction of the said allowance, if any, for earned income) exceeds the said limit;

(iii) the income-tax payable on the total income, as reduced by the allowance for earned income shall not exceed either—

(*a*) a sum bearing to half the amount by which the total income (before deduction of the allowance for earned income) exceeds the said limit the same proportion as such reduced total income bears to the unreduced total income, or

(*b*) the income-tax payable on the income so reduced at the rates herein specified,—

whichever is less.

The limit referred to in the above proviso shall be—

(i) Rs. 7,200 in the case of every Hindu undivided family which satisfies as at the end of the previous year either of the following conditions, namely:—

(*a*) that it has at least two members entitled to claim partition who are not less than 18 years of age; or

(*b*) that it has at least two members entitled to claim partition neither of whom is a lineal descendant of the other and both of whom are not lineally descended from any other living member of the family; and

(ii) Rs. 3,600 in every other case.

Explanation.—For the purposes of this paragraph, in the case of every Hindu undivided family governed by the Mitakshara law, a son shall be deemed to be entitled to claim partition of the co-parcenary property against his father or grandfather, notwithstanding any custom to the contrary.

B. In the case of every company—

	Rate	*Surcharge*
On the whole of total income	Four annas in the rupee.	One-twentieth of the rate specified in the preceding column.

Provided that in the case of a company which, in respect of its profits liable to tax under the Income-tax Act for the year ending on the 31st day of March, 1952, has made the prescribed arrangements for the declaration and payment within the territory of India excluding the State of Jammu and Kashmir, of the dividends payable out of such profits, and has deducted super-tax from the dividends in accordance with the provisions of sub-section (3-*D*) or (3-*E*) of section 18 of that Act—

(i) where the total income, as reduced by seven annas in the rupee and by the amount, if any, exempt from income-tax,

exceeds the amount of any dividends (including dividend payable at a fixed rate) declared in respect of the whole or part of the previous year for the assessment for the year ending on the 31st day of March, 1952, no order has been made under sub-section (1) of section 23-A of the Income-tax Act, a rebate shall be allowed, at the rate of one anna per rupee on the amount of such excess;

(ii) where the amount of dividends referred to in clause (i) above exceeds the total income as reduced by seven annas in the rupee and by the amount, if any, exempt from income-tax, there shall be charged on the total income an additional income-tax equal to the sum, if any, by which the aggregate amount of income-tax actually borne by such excess (hereinafter referred to as "the excess dividend") falls short of the amount calculated at the rate of five annas per rupee on the excess dividend.

For the purposes of the above proviso, the expression "dividend" shall have the meaning assigned to it in clause (6-*A*) of section 2 of the Income-tax Act, but any distribution included in that expression, made during the year ending on the 31st day of March, 1952, shall be deemed to be dividend declared in respect of the whole or part of the previous year.

For the purposes of clause (ii) of the above proviso, the aggregate amount of income-tax actually borne by the excess dividend shall be determined as follows:—

(i) the excess dividend shall be deemed to be out of the whole or such portion of the undistributed profits of one or more years immediately preceding the previous year as would be just sufficient to cover the amount of the excess dividend and as have not likewise been taken into account to cover an excess dividend of a preceding year;

(ii) such portion of the excess dividend as is deemed to be out of the undistributed profits of each of the said years shall be deemed to have borne tax,—

(*a*) If an order has been made under sub-section (1) of section 23-A of the Income-tax Act, in respect of the undistributed profits of that year, at the rate of five annas in the rupee, and

(*b*) in respect of any other year, at the rate applicable to the total income of the company, for that year reduced by the rate at which rebate, if any, was allowed on the undistributed profits.

C. In the case of every local authority and in every case in which under the provisions of the Income-tax Act, income-tax is to be charged at the maximum rate—

	Rate.	*Surcharge.*
On the whole of total income ...	Four annas in the rupee.	One-twentieth of the rate specified in the preceding column.

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PART II.

Rates of Super-tax.

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which any other paragraph of this Part applies—

		Rate.	*Surcharge.*
1.	On the first Rs. 25,000 of total income.	Nil	Nil
2.	On the next Rs. 15,000 of total income.	Three annas in the rupee.	One-twentieth of the rate specified in the preceding column.
3.	On the next Rs. 15,000 of total income.	Four annas in the rupee.	Do
4.	On the next Rs. 15,000 of total income.	Six annas in the rupee.	Do
5.	On the next Rs. 15,000 of total income.	Seven annas in the rupee.	Do
6.	On the next Rs. 15,000 of total income.	Seven and a half annas in the rupee.	Do
7.	On the next Rs. 50,000 of total income.	Eight annas in the rupee.	Do
8.	On the balance of total income.	Eight and a half annas in the rupee.	Do

B. In the case of every local authority :—

	Rate.	*Surcharge.*
On the whole of total income ...	Two and a half annas in the rupee.	Three pies in the rupee.

C. In the case of an association of persons being a co-operative society (other than the Sanikatta Saltowners' Society in the State of Bombay) for the time being registered under the Co-operative Societies Act, 1912 or under any law of a State governing the registration of co-operative societies—. I of 1912.

		Rate.	*Surcharge.*
1.	On the first Rs. 25,000 of total income.	Nil	Nil
2.	On the balance of total income	Two and a half annas in the rupee.	Three pies in the rupee.

D. In the case of every company :—

	Rate.
On the whole of total income ...	Four annas and nine pies in the rupee.

Provided that—

(i) a rebate at the rate of three annas per rupee of the total income shall be allowed in the case of any company which—

(*a*) in respect of its profits liable to tax under the Income-tax Act for the year ending on the 31st day of March, 1952, has made the prescribed arrangements for the declaration and payment in the territory of India excluding the State of Jammu and Kashmir of the dividend payable out of such profits and for the deduction of super-tax from dividends in accordance with the provisions of sub-section (3*D*) or (3*E*) of section 18 of that Act, and

(*b*) is a public company with total income not cluding Rs. 25,000;

(ii) a rebate at the rate of two annas per rupee of the total income shall be allowed in the case of any company which satisfies condition (*a*), but not condition (*b*), of the preceding clause; and

(iii) a rebate at the rate of one anna per rupee of the total income shall be allowed in the case of any company which, not being entitled to a rebate under either of the preceding clauses, is—

(*a*) a public company whose shares were offered for sale in a recognised stock exchange at any time during the previous year, or

(*b*) a company all of whose shares were held at the end of the previous year by one or more such public companies as aforesaid:

Provided further that the super-tax payable by a company the total income of which exceeds Rs. 25,000 shall not exceed the aggregate of—

(*a*) the super-tax which would have been payable by the company if its total income had been Rs. 25,000, and

(*b*) half the amount by which its total income exceeds Rs. 25,000.

Explanation.—For the purposes of this paragraph of this Part, a company shall be deemed to be a public company only if it is neither a private company within the meaning of the Indian Companies Act, 1913, nor a company in which shares carrying more than fifty per cent of the total voting power were, at any time during the previous year, held or controlled by less than six persons. VII of 1913.

THE SECOND SCHEDULE

(*See* Section 5)

Goods on which additional duty of customs is not leviable.

Goods comprised in the following Items of the First Schedule to the Indian Tariff Act, 1934, namely—

2, 4(1), 4(3), 4(4), 4(5), 7(1), 8(1) 8(4), 8(5), 9(6), 9(7), 12(6), 13(8), 13(9), 15(5), 15(9), 15(10), 15(11), 15(12), 16, 16(1), 16(3), 20(6), 20(7), 21(4), 21(5), 21(6), 21(7), 21(8), 21(9), 22(3), 22(5), 27(1), 27(3), 27(9), 28(21), 28(22), 28(23), 28(24), 28(25), 28(26), 28(27), 28(28), 28(29), 28(30), 30(2), 30(11), 30(12), 30(13), 31(4), 40(6), 40(7), 44(1), 45(3), 49(c), 49(2), 52(4), 53(2), 55(1), 55(2), 55(3), 60(4), 60(5), 61(11), 71(9), 71(10), 72(4), 72(5), 72(15), 72(16), 72(17), 72(18), 72(19), 72(20), 72(21), 72(22), 72(23), 72(24), 72(25), 72(26), 72(27), 72(28), 73(4), 73(8), 73(9), 73(10), 73(11), 73(12), 73(13), 74(4), 77(4) 78(1), 79 and 84(1).

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THE THIRD SCHEDULE

(*See* section 5)

Goods on which additional duty of customs at 5 per cent is leviable.

Goods comprised in the following Items of the First Schedule to the Indian Tariff Act, 1934, namely,—

4, 8(2), 8(3), 9(3), 9(5), 11(2), 11(4), 11(5), 13(4), 15, 20(1), 20(2), 20(3), 20(4), 20(5), 20(8), 20(9), 21(3), 24, 24(1), 24(2), 24(3), 25(1), 27(2), 27(4), 27(5), 27(6), 28, 28(8), 28(14), 28(15), 28(16), 28(17), 28(18), 28(19), 28(20), 29, 29(1), 30, 30(1), 30(9), 30(10), 34(3), 40(4), 40(5), 43, 44, 45, 46(3), 51, 55, 60, 60(2), 60(3), 60(6), 61(2), 61(3), 61(8), 61(9), 62(1), 62(2), 63(14), 63(30), 63(31), 63(32), 63(33), 63(34), 63(35), 64, 64(3), 64(4), 65, 66, 66(1), 67, 67(1), 67(2), 68, 68(2), 69(2), 70, 70(1), 70(2), 70(3), 70(4), 70(5), 70(6), 70(9), 71(2), 71(3), 71(7), 71(8), 72, 72(1), 72(2), 72(3), 72(11), 72(12), 72(13), 72(14), 72(33), 73(2), 73(7), 73(14), 73(15), 74(2), 75, 75(1), 75(2), 75(3), 75(5), 75(6), 75(7), 75(8), 75(9), 75(10), 75(11), 75(12), 75(13), 77(2), 77(5) 78, 82(1), 84 and 85(1).

STATEMENT OF OBJECTS AND REASONS

The object of this Bill is to give effect to the financial proposal of the Government of India for the next financial year, and to provide for certain connected matters.

The Bill prescribes, as usual, the rates of income-tax and super-tax and surcharges thereon, for the next financial year. The main changes from the existing rates are :

(*a*) the imposition of a surcharge of 5 per cent for purposes of the Union, on all income-tax and super-tax rates, other than the super-tax rates applicable to companies, local authorities, and co-operative societies ;

(*b*) the imposition of a surcharge of 3 pies in the rupee, for purposes of the Union, on the super-tax rate applicable to local authorities, and co-operative societies ; and

(*c*) an increase by 3 pies in the rupee in the rate of super-tax applicable to companies.

An amendment is also made to section 17 in regard to the basis of assessment of non-residents.

In regard to import duties, the Bill proposes to increase the existing surcharges by 5 per cent, and to levy enhanced duties on certain alcoholic drinks and mineral oils other than motor spirit and kerosene. It is also proposed to reimpose a low export duty on groundnut kernel and coarse and medium cloth of certain varieties. It is further proposed to rationalise the Central Excise tariff relating to tobacco so as to remove certain anomalies and administrative difficulties in its working and simultaneously to revise the basis of taxation in a manner to permit of the levy of leaf duties in accordance with the type of tobacco and additional

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duties on manufacture of tobacco according to the class of manufacture. A surcharge on cigarettes is also proposed as a revenue measure for the current year.

NEW DELHI,
The 28th February, 1951. C. D. DESHMUKH.

NOTES ON CLAUSES

Clause 2 and the First Schedule prescribe the rates of income-tax, super-tax and surcharges on income-tax and super-tax for the year 1951-52, on the usual lines.

Clause 3 amends sub-section (1) of section 17 of the Indian Income-tax Act, 1922. At present, a non-resident citizen of India or a British subject is chargeable to income-tax on his Indian income at the rate appropriate to his total world income, while any other a non-resident pays income-tax at the standard or the maximum rate. The amendment seeks to abolish any distinction based on nationality, and to apply the standard rate of income-tax to all non-residents.

As regards super-tax, it is proposed that all non-residents other than companies should pay super-tax at a flat rate, subject to the condition that the amount of super-tax shall not be less than that payable by a resident having the same total income.

All non-residents are, however, being allowed to exercise, within a certain time limit, the option of being assessed on the basis now applicable to a non-resident who is a citizen of India or a British subject.

Clause 4: The main changes made in the import tariff are those relating to mineral oils other than kerosene and motor spirit and cover mineral oils suitable for use as illuminants, for the batching of jute, as fuel or for sanitary and hygienic purposes and as lubricating oils. In order to make the incidence of the duty more even and rational, as an alternative to the specific rates, a limit of 20 per cent *ad valorem*, if it is higher, has been prescribed. The clause also revises the headings relating to assessment of parts and accessories of motor vehicles following the recommendations of an Expert Committee. The main change is the transfer from the highest duty category to a lower category of certain parts and accessories which are either proprietory items or are not capable of being manufactured in India within two years.

Clause 5: The main changes in regard to additional duties or surcharges are (*a*) the overall increase of 5 per cent in the scale of surcharges as prescribed in the Finance Act, 1950, (*b*) the levy of surcharges on all items other than those for which the rates of duty have been bound under the General Agreement on Tariffs and Trade, and (*c*) the enhancement of the basic surcharge from 100 per cent to 150 per cent in the case of certain categories of alcoholic drinks.

Clause 6: The export duty on groundnut will be at the level of the duty formerly levied in 1948, namely Rs. 80 per ton. In

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regard to cloth, only certain categories of medium and coarse cloth will pay the duty. Superfine and fine cloth as well as certain varieties even in the above categories are exempt.

Clauses 7 and 8: The main change is in regard to the rationalisation of the taxation headings relating to tobacco and tobacco products. The change is intended to introduce a more logical basis of taxation on leaf tobacco according to its category (flue-cured or other than flue-cured) and, ordinary use; and to secure the levy of flat rates of leaf duty on tobacco used otherwise than in the manufacture of cigarettes, and of graduated rates of duty on tobacco leaf used in the manufacture of cigarettes, cigars and on manufactured products, namely, cigarettes, cigars and cheroots, pipe tobacco, snuff and biris. A surcharge is being levied on kerosene and motor spirit to equal the customs surcharge which has become leviable under Clause 5. A surcharge is also levied at graduated rates on certain categories of cigarettes other than the cheapest.

Clause 9: The discontinuance of the salt duty is maintained for the next year.

The following Bills were introduced in Parliament on the 5th March, 1951:—

BILL NO. 14 OF 1951

A Bill further to amend the Code of Civil Procedure, 1908, and the Code of Criminal Procedure, 1898.

BE it enacted by Parliament as follows:—

1. **Short title.**—This Act may be called the Codes of Civil and Criminal Procedure (Amendment) Act, 1951.

2. **Amendment of Act V of 1908.**—In the Code of Civil Procedure, 1908,—

(*i*) to section 113, the following proviso shall be added, namely:—

"Provided that where the court is satisfied that a case pending before it involves a question as to the validity of any Act, Ordinance or Regulation or of any provision contained in an Act, Ordinance or Regulation, the determination of which is necessary for the disposal of the case, and is of opinion that such Act, Ordinance, Regulation or provision is invalid or inoperative, but has not been so declared by the High Court to which that court is subordinate or by the Supreme Court, the court shall state a case setting out its opinion and the reasons therefor, and refer the same for the opinion of the High Court,

Explanation.—In this section, "Regulation" means any Regulation of the Bengal, Bombay or Madras Code or Regulation as defined in the General Clauses Act, 1897, or in the General Clauses Act of a State.";

(*ii*) in Order XLVI of the First Schedule,—

(*a*) after rule 4, the following rule shall be inserted, namely:—

"4A. The provisions of rules 2, 3 and 4 shall apply to any reference by the court under the proviso to section 113 as they apply to a reference under rule 1"; and